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RUEATRS/DEPT OF TREASURY WASHDC
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COMMERCE FOR 4331/MAC/WH/MCAMERON
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SUBJECT: TRADE MINISTER EXPLAINS PERU'S DECISION TO REJOIN G-20

Sensitive But Unclassified, please handle accordingly.

¶1. (SBU) While in Brazil on August 25, Foreign Minister Jose Antonio Garcia Belaunde announced that Peru would rejoin the G-20. Brazilian Foreign Minister Celso Amorim proudly noted that Ecuador and Peru would attend the G-20 meeting in Rio de Janeiro from September 9-10, raising G-20 membership to 23 countries. On September 1, Peruvian Trade Minister Mercedes Araoz explained to the Ambassador and a USTR delegation that the decision to rejoin the G-20 was politically driven by the now-ruling APRA party's previous criticism of Peru's departure from the group in 2003. Furthermore, she said, the Garcia Administration has prioritized improving ties with Chile, Mexico and Brazil, all of which are G-20 members. The Garcia Administration expanded its Economic Complementation Agreement with Chile on August 22, has begun free trade agreement talks with Mexico, and seeks to improve relations with Brazil, Peru's biggest neighbor and link to the Atlantic Ocean.

¶2. (SBU) Araoz stressed that the GOP was completely committed to free trade, and would continue to back U.S. positions at the WTO, including support for liberalizing agricultural markets. She said the GOP also wanted to participate in the Cairns group. Araoz said her ministry had the lead on G-20 issues, and that Peru would be a moderate and constructive member, like Chile. Araoz had recommended that President Garcia not attend the September meeting in Rio, and said Peru would likely be represented only by a mid-level trade ministry observer (Minister Araoz and Vice Minister Luis Alonso Garcia will both be in Washington, DC at that time). Araoz said she wanted to keep the G-20 membership issue out of the press, and avoid misinterpretations in Washington that could negatively impact passage of the U.S.-Peru Trade Promotion Agreement (PTPA) by the U.S. Congress.

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